

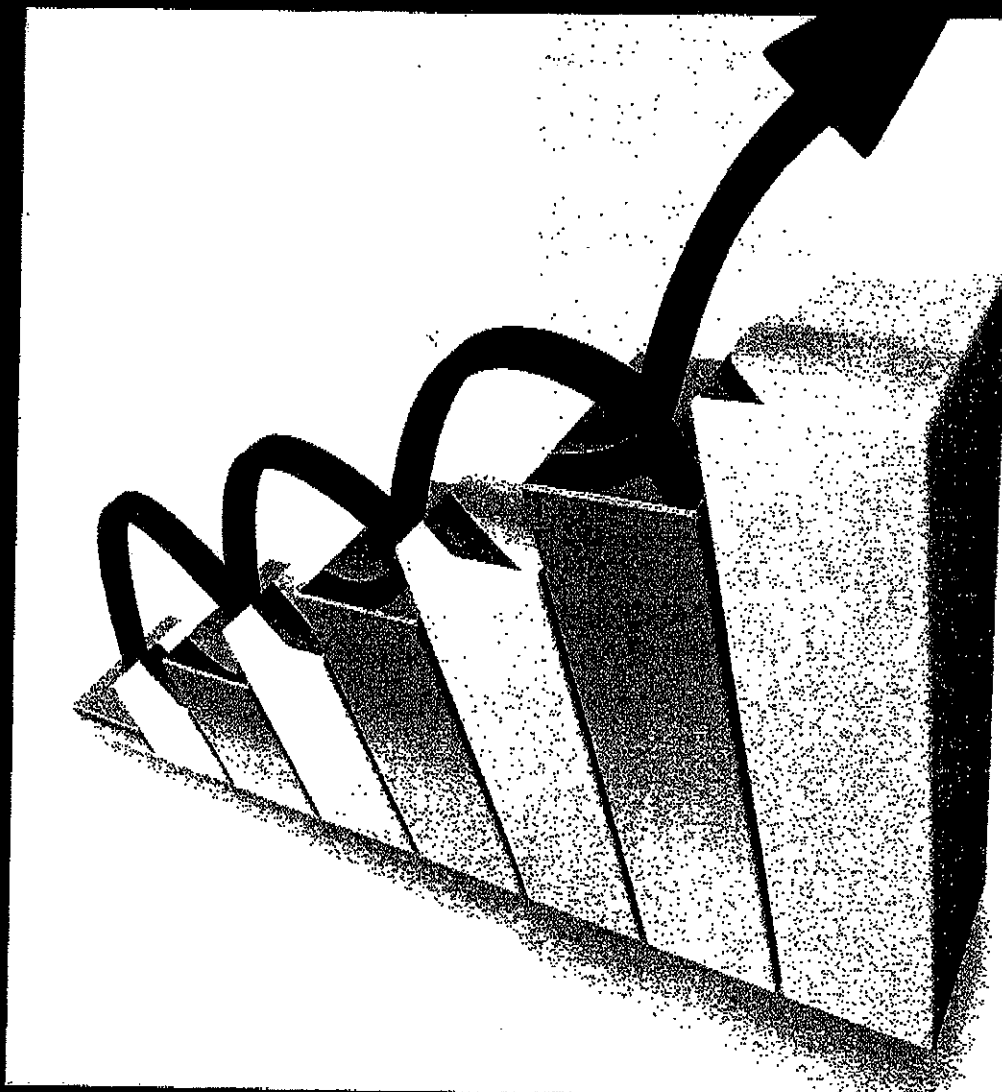
EXHIBIT A

WESTOVER BRIEF

EXHIBIT A

STAFFING INDUSTRY SOURCEBOOK

Facts and Figures for Market Research



2006 Edition

StaffingIndustry
ANALYSTS, INC.TM

Staffing Industry Sourcebook 2006 Edition
Facts and Figures for Market Research

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INTRODUCTION From the Publisher**From the Publisher**

The *Staffing Industry Sourcebook: Facts and Figures for Market Research, 2006 edition*, provides a comprehensive guide to the tools and resources industry players, analysts, investors and other interested parties need to understand a marketplace that is growing and evolving faster than ever before.

This third edition was challenging for the staff at Staffing Industry Analysts. The industry has expanded to more than 9,500 temporary staffing firms as well as thousands of other players in place and search, PEO and other sectors. It has also formed and re-formed around specialties that focus on skills, individual industries, and even people with specific educations. Technology increasingly drives how the staffing industry works as well as how it works with customers. And more and more companies are emerging to serve the staffing industry itself.

Our challenge was to capture the full breadth and depth of the staffing industry and create a single resource that would deliver value to the industry itself as well as the growing number of people who work with, regulate and even write about staffing and hiring issues.

The numerous lists and data in the *Sourcebook* are accompanied with articles and analysis published in Staffing Industry Analysts' publications and research reports, providing context to the numbers in the various charts and tables. This reflects our desire to offer comprehensive information solutions that readers and subscribers can use every day to set strategy and make tactical decisions.

New in this edition is an analysis of the opinions of the buyers of contingent workers, best practices in putting together an effective salesforce, trends in offshore outsourcing and an analysis of the distribution of temporary workers in different professions and penetration rates in different states.

I would also like to take this opportunity to thank the staff of Staffing Industry Analysts, Inc. You will find the contributions of many of our editors and researchers in this volume. And in particular, I would like to thank Research Analyst Sona Sharma, who edited the *Sourcebook* this year. Thanks as well to our entire top notch production team of Kay Peterson, Anna Wan and Jessie Leary who labored mightily to bring all the loose ends together. For Sona and the entire team here this edition has been a true labor of love.

We have taken extra care to ensure the accuracy of the information in the *Sourcebook*. But we cannot guarantee every detail simply because the details change every day and some of it is based on our best estimates. What we can guarantee is a fair and complete look at the staffing industry and the best possible information and analysis. We're eager to hear your conclusions on how well we succeeded as well as your advice, comments and suggestions for the next edition.



Barry Asin
EVP & Chief Analyst
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SECTION 1 Trends & Outlook

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Not so for the National Technical Services Association, which disbanded during the recession and never returned. This group had been made up primarily of older and small to midsize firms that were not positioned well to survive reduced margins due to vendor management systems, leadership voids as original owners retired and a shift by customers toward emphasis on IT programming rather than design and engineering.

At The National Association of Computer Consultant Businesses, a group of young, entrepreneurial members saw spectacular success as growing IT requirements, dot-com businesses and one-time Y2K needs propelled these businesses to spectacular highs from 1995 to 2000 – and then dropped them to spectacular lows in the early years of the new millennium. Today the organization is stable, but not heady. Annual meeting attendance is off by more than 60% from its high.

For the National Association of Personnel Services, representing the smaller “mom-and-pop” blended temp/perm services and many solo recruiter practitioners, the ups and downs were also severe. Just five years ago, the placement and search business was booming; two years later it was a bust. Annual events of more than 1,000 slumped to just a couple hundred, though the last two years have seen a modest resurgence (300-plus in 2004 and 600-plus in 2005). And the next 1,000-plus event might be only a year or two away!

Finally, let’s look at the National Association of Professional Employer Organizations, representing the nation’s “professional employers.” There we have seen a grinding reduction in the total number of PEOs over the last 10 years, as costs and risks in this business rise. But because of an ever-larger number of employees under subscriber contract and a sizeable group of larger vendors (insurers,

benefit providers, transaction processors, etc.), the association continues to operate with a good revenue stream and substantial member support.

KEY PLAYERS GO, NEW PLAYERS COME.

In 1995 we were following 46 public staffing companies on the back pages of the *SI Report* newsletter. That year we saw new public offerings by many smaller firms – SOS, Romac, PGA and Corestaff. We counted 183 merger deals in the industry that year. Private and public rollups were the rage. Those trends continued for several years.

But by 2005, half of the previous decade’s public firms had disappeared, though some new ones or new names had come to take their place. Consolidation replaced expansion at the stock exchange, just as it has among our Fortune 500 customers’ vendor lists. Of the 38 public companies we follow today, many are new stock listings – Monster, Administaff, Gevity, Weststaff, RemedyTemp, Korn/Ferry and Hudson Highland, for example. But just as many have disappeared – SOS, PGA, AccuStaff, Brandon Systems, Career Horizons, Norrell and Olsten, among them. Manpower, which entered the last decade a clear No. 1 with \$6.8 billion in worldwide sales in 1995, today finds itself playing second fiddle to a strong Adecco, which posted more than \$21 billion in 2005 sales.

Rounding out the “Big Four” multinational players in 2005 were Manpower at \$16 billion, Vedior at \$8.1 billion and Randstad at \$7.9 billion. Where only two public firms (or 4%) were predominantly in medical staffing 10 years ago, that number tripled to 6 (17%) today. Two are PEOs, versus none in 1995.

Interestingly, though, we found the 13 top U.S. staffing firms with a relatively small portion of the total U.S. staffing market in 1995 (29%), but 10 years later, 12 firms accounted for just a 23% share. One big difference – the cutoff point for listings in 1995 was \$500 million, while

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10 years later it had risen to close to \$1 billion in sales. Overall, the U.S. staffing market has been growing – and we see aggressive inroads into the U.S. market from several foreign staffing entities (Randstad, Vedior and Japan's Crystal, to name just the largest).

We found 63 companies with U.S. sales of \$100 million in 1995, but by the end of 2005 that number had grown to 100. Yet despite consolidation trends among midsize to large players, the rather low barriers to entry and ever-greater demand trend for staffing have not led to a significant falloff in the number of temporary firms doing business in the United States. On the permanent placement side, however, we saw a significant drop of firms in the 2002-2003 period, with as many as 50% of recruiter desks actually abandoned during this period. Today, both the number of desks and the number of firms are increasing again as the unemployment rate falls.

In late 1995 and early 1996 the country and the staffing industry were pulling rapidly out of the 1990-1992 recession, and the staffing industry was heating up fast. That is again true today, though we may be a year or more behind the heavy pace of 1995-1996. In those days, the Staffing Industry Stock Index was handily outperforming the S&P 500 Index, and what do you know – in just the last few months, we've seen it do the same again.

STATISTICS TELL THE STORY, SOMETIMES.

There are many other aspects of staffing life that have changed from 10 years ago, but the reasons can be deceptive. The total number of temporaries working on a given day was something more than 2 million in late 1995, while today it is substantially higher, at more than 2.5 million. Yet in between these two high points of contingent work lie a severe economic downturn which saw temporary work first rise to 2.6 million and then plummet almost 20%. Today it has regained all of that loss,

though so far more on the industrial than clerical/professional side. Unemployment rates also are similar from what they were a decade ago, though the rate of jobs growth is not. At the end of 2005, we were hovering around the 5% unemployment mark, while in most of late 1995 the figure was somewhere around 5.6%. Perhaps the difference in these two numbers is the ability for today's out-of-work professionals to do meaningful and compensable work from home.

The Web certainly would seem to be a factor in the comparative readings of the Conference Board's Help Wanted Advertising Index over the last 10 years. This marker, which was hovering in the 80 to 90 range during much of 1995, continued in that range through most of 2000 before beginning a plunge to 35 to 40, where it has languished since 2003. The current reading is less than half its 2000 high and only about one third of the 1987 benchmarked index of 100. The advent of job boards and Web job-sourcing has greatly depressed classified advertising despite the turnout in hiring since mid-2004. Meanwhile, Monster's online employment index climbed from 100 in early 2004 to 130 in March 2005 to 145 in December 2005.

STAFFING BECOMES STRATEGIC, GLOBAL,

– AND AUTOMATED. Though none are as profound as the Internet, there are many other ways in which our environment has changed from a decade ago. Staffing companies now play a more strategic role in the workforce, there's a greater squeeze on margins and more competition from global resources such as Indian call centers, off-shore programmers and foreign professionals with H-1B and other visas working in this country. Information technology has also made it much easier to know others' pricing, fees, pay rates and even value propositions.

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The temporary help services payroll in 1984 topped \$5 billion for the first time, as average daily temporary employment reached 622,400. In 1986, Frank Liguori was named president of Olsten Corp.

Also in 1986, Robert Half International's current management team, headed by Max Messmer, purchased the company, which, four years later, went public on the New York Stock Exchange.

In 1987, two events occurred that shook the very foundations of the temporary help industry. A British employment

services firm, Blue Arrow, bought Manpower for \$2.4 billion, promising Manpower's Mitchell Fromstein continued total control. However, the company wasn't able to keep that promise, and Fromstein balked after being told to move Manpower into the permanent placement business. One day while Fromstein was out of town, the locks at Manpower headquarters in Milwaukee were changed. But after a classic corporate power struggle, Fromstein managed to become head of Blue Arrow, with the aid of the company's U.S. franchises, and regained control of Manpower. On Oct. 16, 1987, Wall Street crashed.

Robert Miller (see 1947) retired from Employers Overload in 1988 and assigned rights for the states of Washington and Oregon to Szambelan (see 1969); all other locations were sold to Uniforce Inc. Also in 1988, Jerry and (son) Clete Brewer purchased a local Fayetteville AR temporary help service and renamed it Brewer Personnel Services.

Temporary help employment topped 1 million in 1988, and payroll exceeded \$10 billion (\$11.9) for the first time.

In April 1989, Adia formed Personnel Group of America Inc. (PGA). In the next two years PGA acquired eight commercial staffing companies, and in 1992 Nursefinders came under PGA's umbrella as well. Adia spun off PGA as an IPO in September 1995. In December 1997, PGA sold Nursefinders to Atlantic Medical Management, a venture capital group that included Dr. Michael Sinclair, founder of what became Lifetime Corp. (which merged with Olsten Corp. in 1993).

The International Association of Career Management Professionals was formed in 1989. And in November of 1989, the Berlin Wall crumbled.

THE NINETIES. The 1990s started on a sad note with the passing of industry pioneer William Olsten in 1991. RHI started OfficeTeam, a clerical/administrative division in 1991.

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The U.S.S.R. was finally dissolved by the end of 1991, and Express Personnel Services established its first strategic partnership in Moscow in 1993.

In 1992, Norrell Corp. introduced the master vendor concept, and H&R Block spun off Interim Services through an IPO.

Talent Tree, under Mike Willis, refined the vendor-on-premises idea for commercial staffing in the early '90s.

In 1993, Adia SA (Switzerland) bought out its U.S. investors to bring U.S. operations completely under corporate control. With venture capital backing, Mike Willis started Corestaff. Norrell offered its IPO and was listed on the Nasdaq, moving to the NYSE in 1995. Also in 1993, President Bill Clinton signed the Family and Medical Leave Act.

David Dunkel and several associates formed Romac International Inc. in 1994 and launched its IPO the following year; in 1998, Romac acquired Source Services Corp. Kelly Services stirred up the industry by acquiring Your Staff, a PEO, in 1994. The next year, Express Services bought another PEO, Rex Eley's TSC Human Resources.

In 1995, average daily temporary help employment reached \$2.2 million, with payroll at \$27.9 billion and revenue of \$39.2 billion. Bill Gates turned Microsoft 180 degrees, declaring the Internet its highest priority. And Mark Twain Bank in St. Louis, possibly the first bank to do so, accepted digital money.

In 1996, Adia SA and Ecco SA (France) merged to form Adecco SA (Switzerland) and Adecco Inc. (U.S.). In the same year, the Brewers rolled together seven other staffing services to form StaffMark Inc., which then went public. Western Staff and PGA also went public and PGA formally entered the IT services market. And temporary help payroll passed the \$30 billion mark.

In 1997, temporary help payroll grew by nearly 70% to exceed \$50 billion.

Also in 1997, Adecco acquired TAD Resources International Inc., and Corestaff

acquired Metamor Technologies.

In 1998, the industry was saddened to lose another pioneer, William Russell Kelly. Corestaff changed its name to Metamor Worldwide, then sold off its commercial units to Corporate Services Group (London). Also in 1998, Dutch temp firm Randstad bought Strategix from AccuStaff.

In 1999, Interim Services merged with Norrell Services. Industry stalwart Mitchell Fromstein retired, Adecco acquired Olsten Corp. (sans the health care division, which continues to operate as a separate company), and Vedior N.V. (Netherlands) took over Select Appointments plc (London), which operates numerous brands in the United States.

Jan. 1, 2000 came and went. Y2K was a non-event, but IT staffing companies benefited much from compliance work.

In 2001, staffing companies along with the whole country struggled to cope with the horrific terrorist attacks on Sept. 11 in New York and Washington. The already shaky economy stumbled even more after the attacks, leading to depressed revenues, shuttered offices, staff reductions and consolidations. Meanwhile, the demise of many dot-coms sent information technology services plummeting.

By 2003, the much anticipated economic turnaround still evaded the industry. Even the charmed healthcare staffing sector suffered. As the recovery from the 2001 recession plodded along, there no longer appeared to be any question it indeed has been jobless - a couple of Federal Reserve banks issued papers saying labor markets are changing and some jobs may never come back.

Several staffing firms moved to forsake the public markets to return to private status. They included Judge Group Inc., which was bought out by a management group, and SOS Staffing Services Inc., which was sold after bankers pressured it to seek a buyer. Headway Corporate Resources Inc. declared Chapter 11 bankruptcy reorganization and

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emerged as a private company sans its headhunting business. The desire to go private was partly in an effort to get away from the costs of corporate governance enforced by the passing of the Sarbanes-Oxley Act of 2002.

* By the end of 2004 the U.S. staffing industry finally appeared to be healthy, following three long years of suffering. Sales, profits and volumes were up for most industry segments, except for health-care. Strongest growth was seen in industrial and finance/accounting staffing, fueled by Sarbanes-Oxley compliance work. Adecco, the world's largest staffing company announced in January that it was investigating accounting irregularities in its North American operations. In addition, a major shareholder threatened to resign from the board and the CFO and North American head lost their jobs. Finally, long-time chairman John Bownier tendered his resignation.

While the economy started a slow pick up, offshore outsourcing caught the country's attention. While the number of layoffs caused by outsourcing U.S. jobs to low-wage countries such as India or China is still estimated to be a small fraction, the topic created a lot of anxiety in the staffing world.

In 2005, publicly traded staffing companies had something to celebrate - stocks stood at a high in November of 2005. Sales and margins for staffing companies

took on a healthy look. More and more staffing companies reported an increase in their temp-to-hire business. Professional staffing firms in areas such as information technology and finance and accounting drove profit at a number of staffing firms. The year also saw the infusion of private capital in staffing. Gryphon Investors, on the heels of taking over Nursefinders Inc., bought Update Legal and two St. Louis physician-staffing firms. Leeds Weld & Co. made a big investment in Seaton Corp., the parent company of Staff Management. PEOs were part of the trend: Strategic Outsourcing Inc. has new majority ownership by Clarion Capital Partners, and General Atlantic acquired a controlling interest in TriNet Group Inc.

Volume and demand has continued to rise in 2006. Having a contingent workforce has become more acceptable in the corporate world.

Staffing companies are now expanding their professional services, even getting into more HR consulting. In the M&A field, staffing companies are buying more for strategic purposes, and expanding overseas to serve global customers.

The financial health of the industry was strong as of mid-year 2006 and margins are edging up. ■■

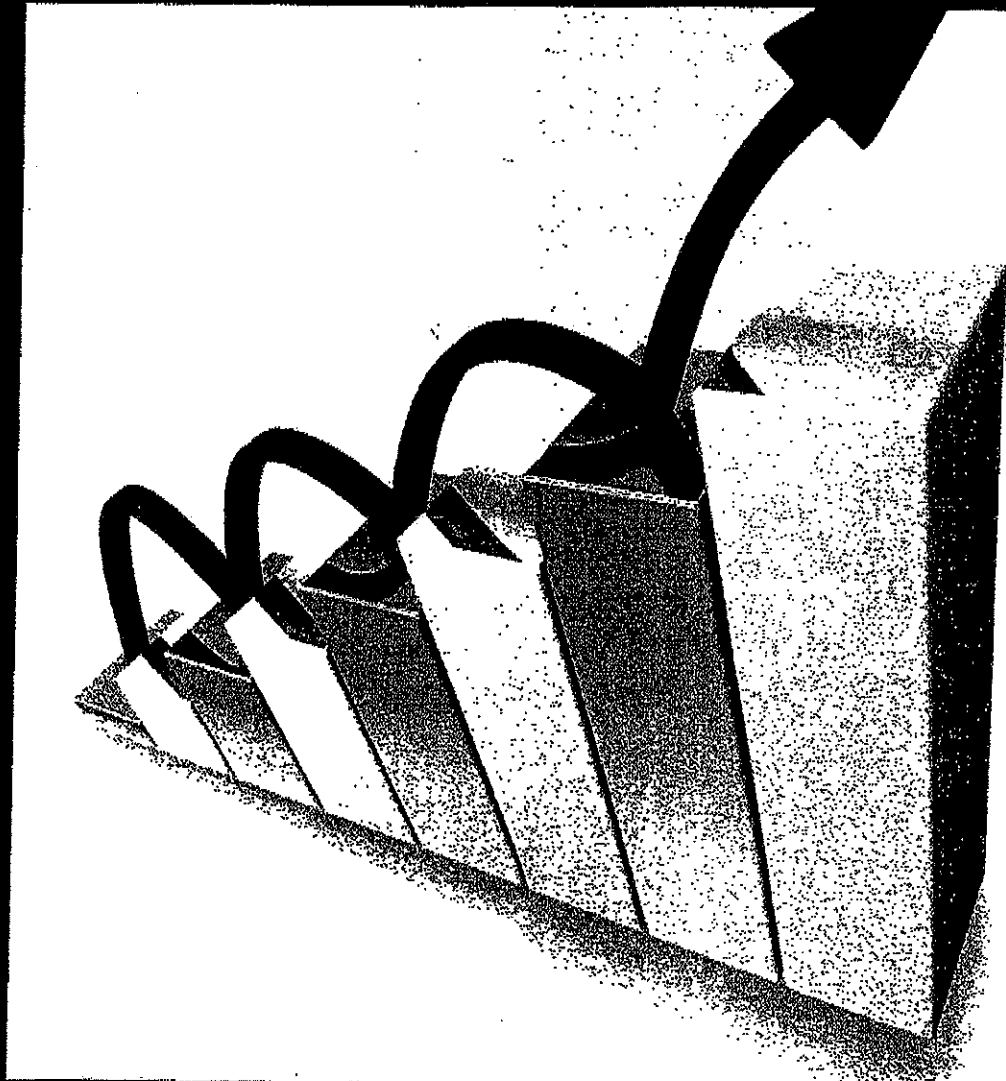
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* By the end of 2004 the U.S. staffing industry finally appeared to be healthy, following three long years of suffering. Sales, profits and volumes were up for most industry segments, except for health-care. Strongest growth was seen in industrial and finance/accounting staffing, fueled by Sarbanes-Oxley compliance work. Adecco, the world's largest staffing company announced in January that it was investigating accounting irregularities in its North American operations. In addition, a major shareholder threatened to resign from the board and the CFO and North American head lost their jobs. Finally, long-time chairman John Bownier tendered his resignation.

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In 2005, publicly traded staffing companies had something to celebrate – stocks stood at a high in November of 2005. Sales and margins for staffing companies

took on a healthy look. More and more staffing companies reported an increase in their temp-to-hire business. Professional staffing firms in areas such as information technology and finance and accounting drove profit at a number of staffing firms. The year also saw the infusion of private capital in staffing. Gryphon Investors, on the heels of taking over Nursefinders Inc., bought Update Legal and two St. Louis physician-staffing firms. Leeds Weld & Co. made a big investment in Seaton Corp., the parent company of Staff Management. PEOs were part of the trend: Strategic Outsourcing Inc. has new majority ownership by Clarion Capital Partners, and General Atlantic acquired a controlling interest in TriNet Group Inc.

Volume and demand has continued to rise in 2006. Having a contingent workforce has become more acceptable in the corporate world.

Staffing companies are now expanding their professional services, even getting into more HR consulting. In the M&A field, staffing companies are buying more for strategic purposes, and expanding overseas to serve global customers.

* The financial health of the industry was strong as of mid-year 2006 and margins are edging up. ■

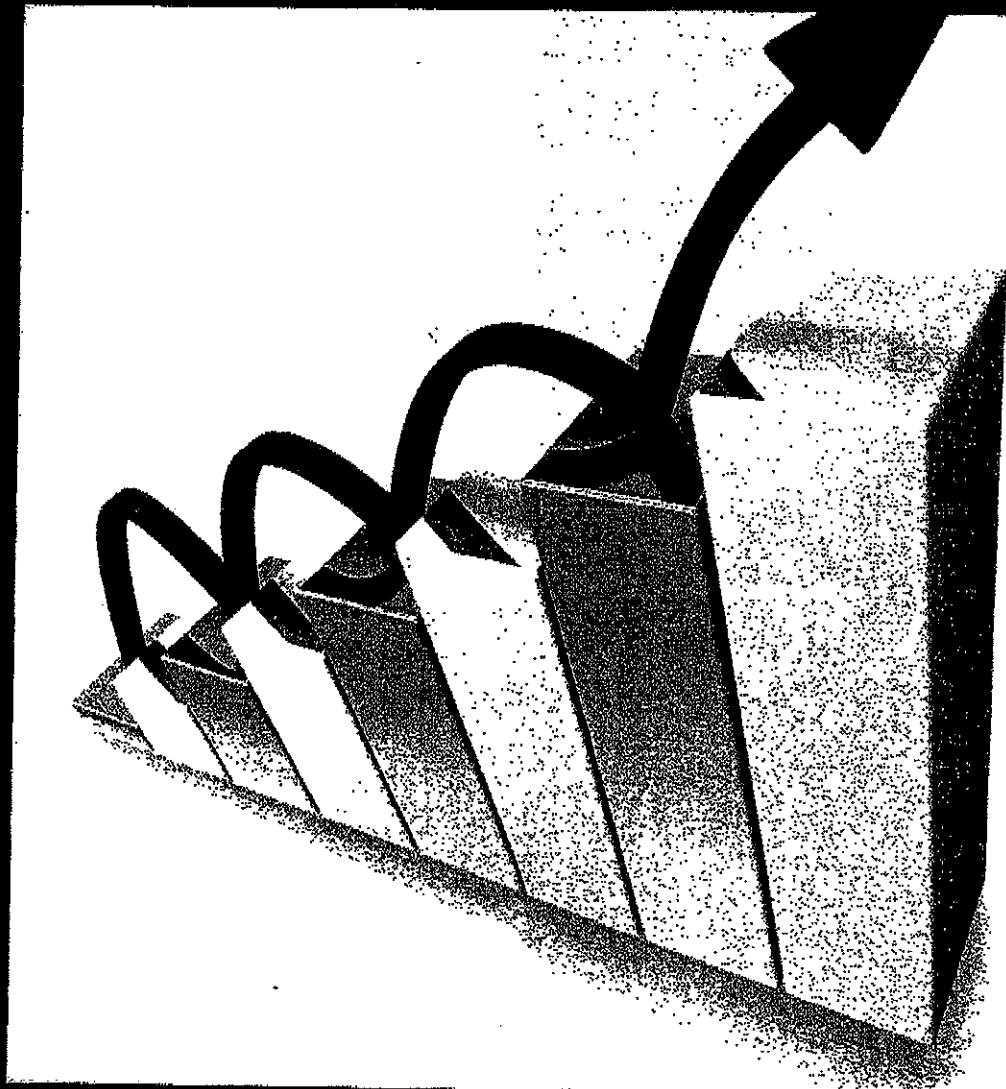
EXHIBIT A

AUGER BRIEF

EXHIBIT A

STAFFING INDUSTRY SOURCEBOOK

Facts and Figures for Market Research



2006 Edition

StaffingIndustry
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P. 03

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Facts and Figures for Market Research

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STAFFING INDUSTRY SOURCEBOOK 2006

INTRODUCTION From the Publisher

From the Publisher

The *Staffing Industry Sourcebook: Facts and Figures for Market Research, 2006 edition*, provides a comprehensive guide to the tools and resources industry players, analysts, investors and other interested parties need to understand a marketplace that is growing and evolving faster than ever before.

This third edition was challenging for the staff at Staffing Industry Analysts. The industry has expanded to more than 9,500 temporary staffing firms as well as thousands of other players in place and search, PEO and other sectors. It has also formed and re-formed around specialties that focus on skills, individual industries, and even people with specific educations. Technology increasingly drives how the staffing industry works as well as how it works with customers. And more and more companies are emerging to serve the staffing industry itself.

Our challenge was to capture the full breadth and depth of the staffing industry and create a single resource that would deliver value to the industry itself as well as the growing number of people who work with, regulate and even write about staffing and hiring issues.

The numerous lists and data in the *Sourcebook* are accompanied with articles and analysis published in Staffing Industry Analysts' publications and research reports, providing context to the numbers in the various charts and tables. This reflects our desire to offer comprehensive information solutions that readers and subscribers can use every day to set strategy and make tactical decisions.

New in this edition is an analysis of the opinions of the buyers of contingent workers, best practices in putting together an effective salesforce, trends in offshore outsourcing and an analysis of the distribution of temporary workers in different professions and penetration rates in different states.

I would also like to take this opportunity to thank the staff of Staffing Industry Analysts, Inc. You will find the contributions of many of our editors and researchers in this volume. And in particular, I would like to thank Research Analyst Sona Sharma, who edited the *Sourcebook* this year. Thanks as well to our entire top notch production team of Kay Peterson, Anna Wan and Jessie Leary who labored mightily to bring all the loose ends together. For Sona and the entire team here this edition has been a true labor of love.

We have taken extra care to ensure the accuracy of the information in the *Sourcebook*. But we cannot guarantee every detail simply because the details change every day and some of it is based on our best estimates. What we can guarantee is a fair and complete look at the staffing industry and the best possible information and analysis. We're eager to hear your conclusions on how well we succeeded as well as your advice, comments and suggestions for the next edition.



Barry Asin
EVP & Chief Analyst
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SECTION 1 Trends & Outlook

association has remained solvent, proactive and staffed up to operate its many programs and services.

Not so for the National Technical Services Association, which disbanded during the recession and never returned. This group had been made up primarily of older and small to midsize firms that were not positioned well to survive reduced margins due to vendor management systems, leadership voids as original owners retired and a shift by customers toward emphasis on IT programming rather than design and engineering.

At The National Association of Computer Consultant Businesses, a group of young, entrepreneurial members saw spectacular success as growing IT requirements, dot-com businesses and one-time Y2K needs propelled these businesses to spectacular highs from 1995 to 2000 – and then dropped them to spectacular lows in the early years of the new millennium. Today the organization is stable, but not heady. Annual meeting attendance is off by more than 60% from its high.

For the National Association of Personnel Services, representing the smaller “mom-and-pop” blended temp/perman services and many solo recruiter practitioners, the ups and downs were also severe. Just five years ago, the placement and search business was booming; two years later it was a bust. Annual events of more than 1,000 slumped to just a couple hundred, though the last two years have seen a modest resurgence (300-plus in 2004 and 600-plus in 2005). And the next 1,000-plus event might be only a year or two away!

Finally, let’s look at the National Association of Professional Employer Organizations, representing the nation’s “professional employers.” There we have seen a grinding reduction in the total number of PEOs over the last 10 years, as costs and risks in this business rise. But because of an ever-larger number of employees under subscriber contract and a sizeable group of larger vendors (insurers,

benefit providers, transaction processors, etc.), the association continues to operate with a good revenue stream and substantial member support.

KEY PLAYERS GO, NEW PLAYERS COME.

In 1995 we were following 46 public staffing companies on the back pages of the *SI Report* newsletter. That year we saw new public offerings by many smaller firms – SOS, Romac, PGA and Corestaff. We counted 183 merger deals in the industry that year. Private and public rollups were the rage. Those trends continued for several years.

But by 2005, half of the previous decade’s public firms had disappeared, though some new ones or new names had come to take their place. Consolidation replaced expansion at the stock exchange, just as it has among our Fortune 500 customers’ vendor lists. Of the 38 public companies we follow today, many are new stock listings – Monster, Administaff, Gevity, Westaff, RemedyTemp, Korn/Ferry and Hudson Highland, for example. But just as many have disappeared – SOS, PGA, AccuStaff, Brandon Systems, Career Horizons, Norrell and Olsten, among them. Manpower, which entered the last decade a clear No. 1 with \$6.8 billion in worldwide sales in 1995, today finds itself playing second fiddle to a strong Adecco, which posted more than \$21 billion in 2005 sales.

Rounding out the “Big Four” multinational players in 2005 were Manpower at \$16 billion, Vedior at \$8.1 billion and Randstad at \$7.9 billion. Where only two public firms (or 4%) were predominantly in medical staffing 10 years ago, that number tripled to 6 (17%) today. Two are PEOs, versus none in 1995.

Interestingly, though, we found the 13 top U.S. staffing firms with a relatively small portion of the total U.S. staffing market in 1995 (29%), but 10 years later, 12 firms accounted for just a 23% share. One big difference – the cutoff point for listings in 1995 was \$500 million, while

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10 years later it had risen to close to \$1 billion in sales. Overall, the U.S. staffing market has been growing – and we see aggressive inroads into the U.S. market from several foreign staffing entities (Randstad, Vedior and Japan's Crystal, to name just the largest).

We found 63 companies with U.S. sales of \$100 million in 1995, but by the end of 2005 that number had grown to 100. Yet despite consolidation trends among midsize to large players, the rather low barriers to entry and ever-greater demand trend for staffing have not led to a significant falloff in the number of temporary firms doing business in the United States. On the permanent placement side, however, we saw a significant drop of firms in the 2002-2003 period, with as many as 50% of recruiter desks actually abandoned during this period. Today, both the number of desks and the number of firms are increasing again as the unemployment rate falls.

In late 1995 and early 1996 the country and the staffing industry were pulling rapidly out of the 1990-1992 recession, and the staffing industry was heating up fast. That is again true today, though we may be a year or more behind the heavy pace of 1995-1996. In those days, the Staffing Industry Stock Index was handily out-performing the S&P 500 Index, and what do you know – in just the last few months, we've seen it do the same again.

STATISTICS TELL THE STORY, SOMETIMES.

There are many other aspects of staffing life that have changed from 10 years ago, but the reasons can be deceptive. The total number of temporaries working on a given day was something more than 2 million in late 1995, while today it is substantially higher, at more than 2.5 million. Yet in between these two high points of contingent work lie a severe economic downturn which saw temporary work first rise to 2.6 million and then plummet almost 20%. Today it has regained all of that loss,

though so far more on the industrial than clerical/professional side. Unemployment rates also are similar from what they were a decade ago, though the rate of jobs growth is not. At the end of 2005, we were hovering around the 5% unemployment mark, while in most of late 1995 the figure was somewhere around 5.6%. Perhaps the difference in these two numbers is the ability for today's out-of-work professionals to do meaningful and compensable work from home.

The Web certainly would seem to be a factor in the comparative readings of the Conference Board's Help Wanted Advertising Index over the last 10 years. This marker, which was hovering in the 80 to 90 range during much of 1995, continued in that range through most of 2000 before beginning a plunge to 35 to 40, where it has languished since 2003. The current reading is less than half its 2000 high and only about one third of the 1987 benchmarked index of 100. The advent of job boards and Web job-sourcing has greatly depressed classified advertising despite the turnout in hiring since mid-2004. Meanwhile, Monster's online employment index climbed from 100 in early 2004 to 130 in March 2005 to 145 in December 2005.

STAFFING BECOMES STRATEGIC, GLOBAL – AND AUTOMATED.

Though none are as profound as the Internet, there are many other ways in which our environment has changed from a decade ago. Staffing companies now play a more strategic role in the workforce, there's a greater squeeze on margins and more competition from global resources such as Indian call centers, off-shore programmers and foreign professionals with H-1B and other visas working in this country. Information technology has also made it much easier to know others' pricing, fees, pay rates and even value propositions.

Because of advancements in IT and communications, especially those facilitated

STAFFING IND

SECTION 1 Trends & Outlook

CA, probably one of the first employee leasing firms. The next year, Gordon Brown started a PEO called California Staffing Management (later to become Your Staff Inc.) in suburban Los Angeles.

THE EIGHTIES. In 1981, T. Joe Willey launched another PEO, Staffing Network. That same year, IBM introduced the desktop PC with a DOS operating system developed by a small, unknown company called Microsoft Corp., headed by Bill Gates. Three years later, in 1984, Apple Computer introduced the Macintosh computer, with a more user-friendly graphical interface.

The Association of Outplacement Consulting Firms was founded in 1982, changing its name to Association of Career Management Consulting Firms International in 1997.

Olsten Corp. became listed on the American Stock Exchange in 1982.

In 1983, David Dunkel bought Romac's Tampa-based franchise. And Robert Funk, William Stoller and James Gray bought a portion of Acme Personnel and renamed it Express Personnel; the following year, Express bought 30 more Acme offices.

In November 1984, 22 people, driven by concerns about the 1982 tax code's safe harbor pension provisions, met in Scottsdale AZ and formed the National Staff Leasing Association (NSLA), which ten years later changed its name to the National Association of Professional Employer Organizations (NAPEO).

The temporary help services payroll in 1984 topped \$5 billion for the first time, as average daily temporary employment reached 622,400. In 1986, Frank Liguori was named president of Olsten Corp.

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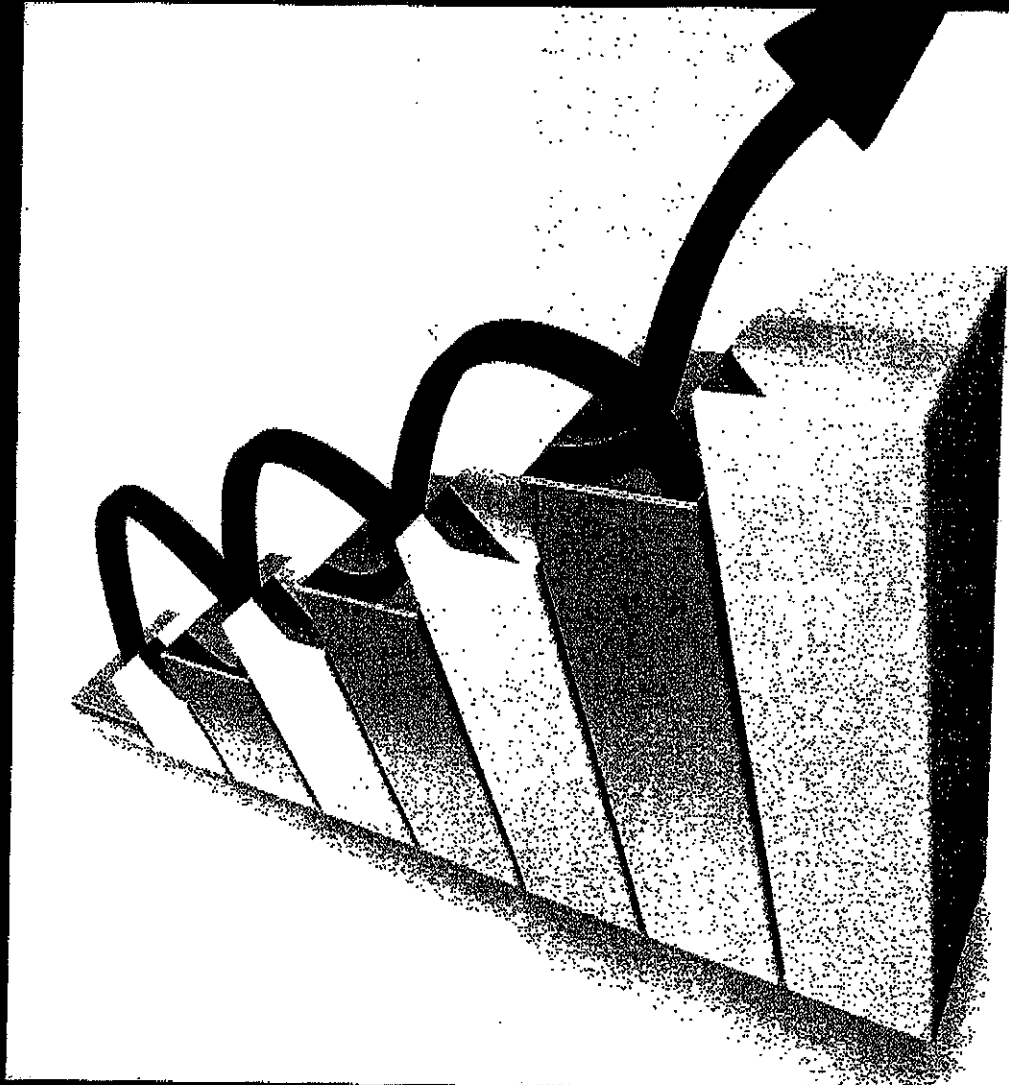
EXHIBIT A

LAMANNA BRIEF

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Facts and Figures for Market Research



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ANALYSTS, INC.™

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association has remained solvent, proactive and staffed up to operate its many programs and services.

Not so for the National Technical Services Association, which disbanded during the recession and never returned. This group had been made up primarily of older and small to midsize firms that were not positioned well to survive reduced margins due to vendor management systems, leadership voids as original owners retired and a shift by customers toward emphasis on IT programming rather than design and engineering.

At The National Association of Computer Consultant Businesses, a group of young, entrepreneurial members saw spectacular success as growing IT requirements, dot-com businesses and one-time Y2K needs propelled these businesses to spectacular highs from 1995 to 2000 – and then dropped them to spectacular lows in the early years of the new millennium. Today the organization is stable, but not heady. Annual meeting attendance is off by more than 60% from its high.

For the National Association of Personnel Services, representing the smaller “mom-and-pop” blended temp/perm services and many solo recruiter practitioners, the ups and downs were also severe. Just five years ago, the placement and search business was booming; two years later it was a bust. Annual events of more than 1,000 slumped to just a couple hundred, though the last two years have seen a modest resurgence (300-plus in 2004 and 600-plus in 2005). And the next 1,000-plus event might be only a year or two away!

Finally, let’s look at the National Association of Professional Employer Organizations, representing the nation’s “professional employers.” There we have seen a grinding reduction in the total number of PEOs over the last 10 years, as costs and risks in this business rise. But because of an ever-larger number of employees under subscriber contract and a sizeable group of larger vendors (insurers,

benefit providers, transaction processors, etc.), the association continues to operate with a good revenue stream and substantial member support.

KEY PLAYERS GO, NEW PLAYERS COME.

In 1995 we were following 46 public staffing companies on the back pages of the *SI Report* newsletter. That year we saw new public offerings by many smaller firms – SOS, Romac, PGA and Corestaff. We counted 183 merger deals in the industry that year. Private and public rollups were the rage. Those trends continued for several years.

But by 2005, half of the previous decade’s public firms had disappeared, though some new ones or new names had come to take their place. Consolidation replaced expansion at the stock exchange, just as it has among our Fortune 500 customers’ vendor lists. Of the 38 public companies we follow today, many are new stock listings – Monster, Administaff, Gevity, Weststaff, RemedyTemp, Korn/Ferry and Hudson Highland, for example. But just as many have disappeared – SOS, PGA, AccuStaff, Brandon Systems, Career Horizons, Norrell and Olsten, among them. Manpower, which entered the last decade a clear No. 1 with \$6.8 billion in worldwide sales in 1995, today finds itself playing second fiddle to a strong Adecco, which posted more than \$21 billion in 2005 sales.

Rounding out the “Big Four” multinational players in 2005 were Manpower at \$16 billion, Vedior at \$8.1 billion and Randstad at \$7.9 billion. Where only two public firms (or 4%) were predominantly in medical staffing 10 years ago, that number tripled to 6 (17%) today. Two are PEOs, versus none in 1995.

Interestingly, though, we found the 13 top U.S. staffing firms with a relatively small portion of the total U.S. staffing market in 1995 (29%), but 10 years later, 12 firms accounted for just a 23% share. One big difference – the cutoff point for listings in 1995 was \$500 million, while

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10 years later it had risen to close to \$1 billion in sales. Overall, the U.S. staffing market has been growing – and we see aggressive inroads into the U.S. market from several foreign staffing entities (Randstad, Vedior and Japan's Crystal, to name just the largest).

We found 63 companies with U.S. sales of \$100 million in 1995, but by the end of 2005 that number had grown to 100. Yet despite consolidation trends among midsize to large players, the rather low barriers to entry and ever-greater demand trend for staffing have not led to a significant falloff in the number of temporary firms doing business in the United States. On the permanent placement side, however, we saw a significant drop of firms in the 2002-2003 period, with as many as 50% of recruiter desks actually abandoned during this period. Today, both the number of desks and the number of firms are increasing again as the unemployment rate falls.

In late 1995 and early 1996 the country and the staffing industry were pulling rapidly out of the 1990-1992 recession, and the staffing industry was heating up fast. That is again true today, though we may be a year or more behind the heavy pace of 1995-1996. In those days, the Staffing Industry Stock Index was handily out-performing the S&P 500 Index, and what do you know – in just the last few months, we've seen it do the same again.

STATISTICS TELL THE STORY, SOMETIMES.

There are many other aspects of staffing life that have changed from 10 years ago, but the reasons can be deceptive. The total number of temporaries working on a given day was something more than 2 million in late 1995, while today it is substantially higher, at more than 2.5 million. Yet in between these two high points of contingent work lie a severe economic downturn which saw temporary work first rise to 2.6 million and then plummet almost 20%. Today it has regained all of that loss,

though so far more on the industrial than clerical/professional side. Unemployment rates also are similar from what they were a decade ago, though the rate of jobs growth is not. At the end of 2005, we were hovering around the 5% unemployment mark, while in most of late 1995 the figure was somewhere around 5.6%. Perhaps the difference in these two numbers is the ability for today's out-of-work professionals to do meaningful and compensable work from home.

The Web certainly would seem to be a factor in the comparative readings of the Conference Board's Help Wanted Advertising Index over the last 10 years. This marker, which was hovering in the 80 to 90 range during much of 1995, continued in that range through most of 2000 before beginning a plunge to 35 to 40, where it has languished since 2003. The current reading is less than half its 2000 high and only about one third of the 1987 benchmarked index of 100. The advent of job boards and Web job-sourcing has greatly depressed classified advertising despite the turnout in hiring since mid-2004. Meanwhile, Monster's online employment index climbed from 100 in early 2004 to 130 in March 2005 to 145 in December 2005.

STAFFING BECOMES STRATEGIC, GLOBAL,

– AND AUTOMATED. Though none are as profound as the Internet, there are many other ways in which our environment has changed from a decade ago. Staffing companies now play a more strategic role in the workforce, there's a greater squeeze on margins and more competition from global resources such as Indian call centers, off-shore programmers and foreign professionals with H-1B and other visas working in this country. Information technology has also made it much easier to know others' pricing, fees, pay rates and even value propositions.

Because of advancements in IT and communications, especially those facilitated

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CA, probably one of the first employee leasing firms. The next year, Gordon Brown started a PEO called California Staffing Management (later to become Your Staff Inc.) in suburban Los Angeles.

THE EIGHTIES. In 1981, T. Joe Willey launched another PEO, Staffing Network. That same year, IBM introduced the desktop PC with a DOS operating system developed by a small, unknown company called Microsoft Corp., headed by Bill Gates. Three years later, in 1984, Apple Computer introduced the Macintosh computer, with a more user-friendly graphical interface.

The Association of Outplacement Consulting Firms was founded in 1982, changing its name to Association of Career Management Consulting Firms International in 1997.

Olsten Corp. became listed on the American Stock Exchange in 1982.

In 1983, David Dunkel bought Romac's Tampa-based franchise. And Robert Funk, William Stoller and James Gray bought a portion of Acme Personnel and renamed it Express Personnel; the following year, Express bought 30 more Acme offices.

In November 1984, 22 people, driven by concerns about the 1982 tax code's safe harbor pension provisions, met in Scottsdale AZ and formed the National Staff Leasing Association (NSLA), which ten years later changed its name to the National Association of Professional Employer Organizations (NAPEO).

The temporary help services payroll in 1984 topped \$5 billion for the first time, as average daily temporary employment reached 622,400. In 1986, Frank Liguori was named president of Olsten Corp.

Also in 1986, Robert Half International's current management team, headed by Max Messmer, purchased the company, which, four years later, went public on the New York Stock Exchange.

In 1987, two events occurred that shook the very foundations of the temporary help industry. A British employment

services firm, Blue Arrow, bought Manpower for \$2.4 billion, promising Manpower's Mitchell Fromstein continued total control. However, the company wasn't able to keep that promise, and Fromstein balked after being told to move Manpower into the permanent placement business. One day while Fromstein was out of town, the locks at Manpower headquarters in Milwaukee were changed. But after a classic corporate power struggle, Fromstein managed to become head of Blue Arrow, with the aid of the company's U.S. franchises, and regained control of Manpower. On Oct. 16, 1987, Wall Street crashed.

Robert Miller (see 1947) retired from Employers Overload in 1988 and assigned rights for the states of Washington and Oregon to Szambelan (see 1969); all other locations were sold to Uniforce Inc. Also in 1988, Jerry and (son) Clete Brewer purchased a local Fayetteville AR temporary help service and renamed it Brewer Personnel Services.

Temporary help employment topped 1 million in 1988, and payroll exceeded \$10 billion (\$11.9) for the first time.

In April 1989, Adia formed Personnel Group of America Inc. (PGA). In the next two years PGA acquired eight commercial staffing companies, and in 1992 Nursefinders came under PGA's umbrella as well. Adia spun off PGA as an IPO in September 1995. In December 1997, PGA sold Nursefinders to Atlantic Medical Management, a venture capital group that included Dr. Michael Sinclair, founder of what became Lifetime Corp. (which merged with Olsten Corp. in 1993).

The International Association of Career Management Professionals was formed in 1989. And in November of 1989, the Berlin Wall crumbled.

THE NINETIES. The 1990s started on a sad note with the passing of industry pioneer William Olsten in 1991. RHI started OfficeTeam, a clerical/administrative division in 1991.

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The U.S.S.R. was finally dissolved by the end of 1991, and Express Personnel Services established its first strategic partnership in Moscow in 1993.

In 1992, Norrell Corp. introduced the master vendor concept, and H&R Block spun off Interim Services through an IPO.

Talent Tree, under Mike Willis, refined the vendor-on-premises idea for commercial staffing in the early '90s.

In 1993, Adia SA (Switzerland) bought out its U.S. investors to bring U.S. operations completely under corporate control. With venture capital backing, Mike Willis started Corestaff. Norrell offered its IPO and was listed on the Nasdaq, moving to the NYSE in 1995. Also in 1993, President Bill Clinton signed the Family and Medical Leave Act.

David Dunkel and several associates formed Romac International Inc. in 1994 and launched its IPO the following year; in 1998, Romac acquired Source Services Corp. Kelly Services stirred up the industry by acquiring Your Staff, a PEO, in 1994. The next year, Express Services bought another PEO, Rex Eley's TSC Human Resources.

In 1995, average daily temporary help employment reached \$2.2 million, with payroll at \$27.9 billion and revenue of \$39.2 billion. Bill Gates turned Microsoft 180 degrees, declaring the Internet its highest priority. And Mark Twain Bank in St. Louis, possibly the first bank to do so, accepted digital money.

In 1996, Adia SA and Ecco SA (France) merged to form Adecco SA (Switzerland) and Adecco Inc. (U.S.). In the same year, the Brewers rolled together seven other staffing services to form StaffMark Inc., which then went public. Western Staff and PGA also went public and PGA formally entered the IT services market. And temporary help payroll passed the \$30 billion mark.

In 1997, temporary help payroll grew by nearly 70% to exceed \$50 billion.

Also in 1997, Adecco acquired TAD Resources International Inc., and Corestaff

acquired Metamor Technologies.

In 1998, the industry was saddened to lose another pioneer, William Russell Kelly. Corestaff changed its name to Metamor Worldwide, then sold off its commercial units to Corporate Services Group (London). Also in 1998, Dutch temp firm Randstad bought Strategix from AccuStaff.

In 1999, Interim Services merged with Norrell Services. Industry stalwart Mitchell Fromstein retired, Adecco acquired Olsten Corp. (sans the health care division, which continues to operate as a separate company), and Vedior N.V. (Netherlands) took over Select Appointments plc (London), which operates numerous brands in the United States.

Jan. 1, 2000 came and went. Y2K was a non-event, but IT staffing companies benefited much from compliance work.

In 2001, staffing companies along with the whole country struggled to cope with the horrific terrorist attacks on Sept. 11 in New York and Washington. The already shaky economy stumbled even more after the attacks, leading to depressed revenues, shuttered offices, staff reductions and consolidations. Meanwhile, the demise of many dot-coms sent information technology services plummeting.

By 2003, the much anticipated economic turnaround still evaded the industry. Even the charmed healthcare staffing sector suffered. As the recovery from the 2001 recession plodded along, there no longer appeared to be any question it indeed has been jobless - a couple of Federal Reserve banks issued papers saying labor markets are changing and some jobs may never come back.

Several staffing firms moved to forsake the public markets to return to private status. They included Judge Group Inc., which was bought out by a management group, and SOS Staffing Services Inc., which was sold after bankers pressured it to seek a buyer. Headway Corporate Resources Inc. declared Chapter 11 bankruptcy reorganization and

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emerged as a private company sans its headhunting business. The desire to go private was partly in an effort to get away from the costs of corporate governance enforced by the passing of the Sarbanes-Oxley Act of 2002.

* By the end of 2004 the U.S. staffing industry finally appeared to be healthy, following three long years of suffering. Sales, profits and volumes were up for most industry segments, except for health-care. Strongest growth was seen in industrial and finance/accounting staffing, fueled by Sarbanes-Oxley compliance work. Adecco, the world's largest staffing company announced in January that it was investigating accounting irregularities in its North American operations. In addition, a major shareholder threatened to resign from the board and the CFO and North American head lost their jobs. Finally, long-time chairman John Bowmer tendered his resignation.

While the economy started a slow pick up, offshore outsourcing caught the country's attention. While the number of layoffs caused by outsourcing U.S. jobs to low-wage countries such as India or China is still estimated to be a small fraction, the topic created a lot of anxiety in the staffing world.

In 2005, publicly traded staffing companies had something to celebrate - stocks stood at a high in November of 2005. Sales and margins for staffing companies

took on a healthy look. More and more staffing companies reported an increase in their temp-to-hire business. Professional staffing firms in areas such as information technology and finance and accounting drove profit at a number of staffing firms. The year also saw the infusion of private capital in staffing. Gryphon Investors, on the heels of taking over Nursefinders Inc., bought Update Legal and two St. Louis physician-staffing firms. Leeds Weld & Co. made a big investment in Seaton Corp., the parent company of Staff Management. PEOs were part of the trend: Strategic Outsourcing Inc. has new majority ownership by Clarion Capital Partners, and General Atlantic acquired a controlling interest in TriNet Group Inc.

Volume and demand has continued to rise in 2006. Having a contingent workforce has become more acceptable in the corporate world.

Staffing companies are now expanding their professional services, even getting into more HR consulting. In the M&A field, staffing companies are buying more for strategic purposes, and expanding overseas to serve global customers.

The financial health of the industry was strong as of mid-year 2006 and margins are edging up. ■■